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4 Attorney for Defendant
5 GERALD ARMSTRONG

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF MARIN

10 CHURCH OF SCIENTOLOGY INTERNATIONAL,)
11 a California not-for-profit)
12 religious corporation,)
13 Plaintiff,)
14 vs.)
15 GERALD ARMSTRONG; MICHAEL WALTON;)
16 THE GERALD ARMSTRONG CORPORATION,)
17 a California for-profit)
18 corporation; DOES 1 through 100,)
19 inclusive,)
20 Defendants.)

No. 157 680

VERIFIED ANSWER OF
GERALD ARMSTRONG

RECEIVED

NOV 30 1993

HUB LAW OFFICES

21 Gerald Armstrong, hereinafter "Armstrong," hereby submits the
22 following answer to the complaint of plaintiff organization CHURCH
23 OF SCIENTOLOGY INTERNATIONAL, hereinafter "CSI."

24 1. Armstrong admits that he entered into a settlement
25 agreement, hereinafter "agreement" but denies that the Scientology
26 organization, including plaintiff organization herein, hereinafter
27 referred to as "CSI," entered into the same settlement
28 "agreement." CSI had no intention that the "agreement" by which
it seeks to bind Armstrong would settle anything or be effective

COPY

1 in binding CSI to any future behavior. What CSI sought to enter
2 into was a conspiracy by which it could continue to attack
3 Armstrong, obstruct justice, and defraud the world's courts and
4 its present and future victims. Armstrong denies that he entered
5 into agreement with that conspiracy. Armstrong denies that the
6 "agreement" provided for a mutual release and waiver of all claims
7 arising out of a cross complaint he had filed in the case of CSC
8 V. Armstrong, LA Superior Court No. C 420153. Armstrong
9 considered that he was releasing CSI from all his claims and that
10 CSI was releasing him from all its claims; but CSI considered
11 rather that the settlement agreement it lead Armstrong to believe
12 would apply to it did not in fact apply to it, and it considered
13 that it was free to continue to press its claims against Armstrong
14 and to continue to litigate his claims and its claims in the
15 world's courts without him being able to respond. Armstrong
16 denies that he is a former Church member. He is a present Church
17 member. But he is not an org member. Armstrong denies that the
18 description of CSI as a church is true. It is, as it is now
19 structured and governed, a totalitarian cult of unreason,
20 irreligious in philosophy, greedy in humor, antisocial in conduct,
21 and political in motivation. Armstrong denies CSI's description
22 of him. It is CSI which sought by litigation and covert means to
23 disrupt Armstrong's activities and life, and which displayed
24 through the years an intense and abiding hatred for Armstrong, and
25 an eagerness to annoy and harass him by spreading enmity and
26 hatred about him among its employees, customers, victims, in the
27 media, the courts and the world. It is CSI's own policies,
28 personnel and actions which have caused all of its disruptions of

1 its activities and life that it seeks to hang on Armstrong.
2 Armstrong denies that CSI sought to end his covert activities,
3 because there were no such covert activities, or to end the
4 litigation. Armstrong denies that the agreement contained
5 carefully negotiated and agreed-upon provisions. Armstrong was
6 not included in one word of the negotiations, which were
7 engineered by CSI through its fair game operations toward and
8 compromise of Armstrong's attorney, Michael Flynn. Armstrong
9 never agreed to the conditions, but did agree with the
10 representations of his attorney that the conditions were
11 unenforceable. CSI intended and used the settlement to continue
12 its litigation war with Armstrong, and to extend its use of
13 litigation to attack its perceived enemies. CSI is the greatest
14 fomenter of litigation this country has ever known. Its abuse of
15 the system and its use of litigation to intimidate and destroy
16 peoples' lives are legendary. Armstrong denies that CSI bargained
17 for the settlement provisions to put an end to enmity and strife
18 generated by him, because he generated no such enmity and strife.
19 CSI's purpose with the settlement agreement was to allow it to
20 continue and accelerate the global enmity and strife it generated
21 so as to increase its ideological power and financial profit
22 through the dissemination of unchecked disinformation.

23 2. Armstrong denies each and every averment of this
24 paragraph. There is nothing he could have done in February 1990
25 which could possibly have violated any provisions of the agreement
26 because there was no agreement. It was CSI which violated the
27 agreement's provisions in letter and spirit, and has done so since
28 its signing. Armstrong has never feared that CSI would seek to

1 collect the liquidated damages owed by his breaches. CSI is
2 responsible for each breach which it blames on Armstrong, the
3 underlying settlement agreement has been clearly proven to be
4 unenforceable, and he is confident that he will prevail not only
5 in this lawsuit, which is an out-and-out sham, but in the two
6 pending lawsuits in Los Angeles Superior Court. Armstrong denies
7 that he has ever fraudulently conveyed anything to anyone, and
8 denies that he ever received no consideration in return for any
9 transaction in which he has ever been involved. Armstrong never
10 deliberately set out to repeatedly breach the agreement.
11 Armstrong has incurred no debt to CSI.

12 3. Armstrong denies each and every averment of this
13 paragraph. There are no breaches because there is no agreement to
14 breach. There is no indebtedness. The two Los Angeles actions
15 are clear evidence of CSI's agreement violations, abuse of process
16 and malicious prosecution of Armstrong, and obstruction of justice
17 toward its victims, "enemy" targets and the courts. Armstrong
18 denies the designations given the LA actions by CSI. Church of
19 Scientology International v. Armstrong, LASC No. BC 052395 is
20 known by the designation Armstrong II. Church of Scientology
21 International v. Armstrong, LASC No. BC 084642 is known by the
22 designation Armstrong III. Church of Scientology of California v.
23 Armstrong, LASC No. C 420153 is known by the designation Armstrong
24 I. This action is Armstrong IV.

25 4. Armstrong denies that CSI is a church. Armstrong denies
26 that Scientology is a religion.

27 5. Armstrong admits that he is a resident of Marin County.

28 6. Armstrong admits that Michael Walton is a resident of

1 Marin County.

2 7. Armstrong lacks knowledge or information sufficient to
3 form a belief as to the truth of the averments in this paragraph
4 and is therefore unable to admit or deny the same. Armstrong is
5 the president and majority stockholder in The Gerald Armstrong
6 Corporation, also known as TeeGeeAck, or TGAC, but has no
7 information regarding Gerald Armstrong Corporation or "GAC."

8 8. Armstrong denies that there are any DOES 1 through 25
9 because there are no fraudulent conveyances on which this
10 complaint has been based.

11 9. Armstrong denies each and every averment of this
12 paragraph.

13 10. Armstrong denies each and every averment of this
14 paragraph.

15 11. Armstrong denies each and every averment of this
16 paragraph.

17 12. Armstrong denies each and every averment of this
18 paragraph.

19 13. Armstrong denies each and every averment of this
20 paragraph.

21 14. Armstrong denies each and every averment of this
22 paragraph.

23 15. Armstrong denies each and every averment of this
24 paragraph.

25 16. Armstrong admits the substance of this paragraph, except
26 that an essential part of settlement agreement Paragraph 7 (D) has
27 been omitted from the description of its substance in this
28 paragraph; to wit, that it is further understood by all parties to

1 the agreement that the provisions of this paragraph are
2 unenforceable.

3 17. Armstrong admits the representation in this paragraph,
4 but only with the understanding that he understood that
5 CSIanization understood that he understood that all parties
6 understood that the agreement's provisions which appear to
7 prohibit Armstrong's exercise of his Constitutional rights are
8 unenforceable.

9 18. Armstrong admits the substance of this paragraph.

10 19. Armstrong lacks knowledge or information sufficient to
11 form a belief as to the truth of the averments in this paragraph
12 and is therefore unable to admit or deny the same.

13 20. Armstrong admits that he was paid an amount in
14 settlement of his claims against CSI, but denies that it was at
15 least \$520,000 after expenses.

16 21. Armstrong denies each and every averment of this
17 paragraph.

18 22. Armstrong denies each and every averment of this
19 paragraph.

20 23. Armstrong denies each and every averment of this
21 paragraph.

22 24. Armstrong denies that CSI has ever made a demand, denies
23 that he has refused to pay any damages, and denies that CSI has
24 suffered any damages.

25 25. Armstrong denies that there are any breaches described
26 herein.

27 26. Armstrong admits that CSI realleges its paragraphs 1 -
28 25, and he readmits and redenes the averments of these paragraphs

1 as set forth in his answers 1 - 25 above.

2 27. Inasmuch as his name was on title on or about said date
3 as an owner of said property, Armstrong admits the averments of
4 this paragraph.

5 28. Armstrong admits that he did convey the subject property
6 to Michael Walton but lacks knowledge or information sufficient to
7 form a belief as to the truth of the other averments in this
8 paragraph and is therefore unable to admit or deny the same.

9 29. Armstrong denies each and every averment of this
10 paragraph.

11 30. Armstrong denies each and every averment of this
12 paragraph.

13 31. Armstrong denies each and every averment of this
14 paragraph.

15 32. Armstrong denies each and every averment of this
16 paragraph; except he admits that Mr. Walton had advised him
17 concerning the agreement, was familiar with the terms and
18 conditions thereof, and was aware of the unrebutted and undenied
19 evidence that attorney Michael Flynn was the victim of CSI's
20 policy of fair game and that Mr. Flynn had advised both Armstrong
21 and CSI that the agreement is unenforceable.

22 33. Armstrong admits that CSI reallege its paragraphs 1 -
23 25, and he readmits and redenes the averments of these paragraphs
24 as set forth in his answers 1 - 25 above.

25 34. Armstrong denies each and every averment of this
26 paragraph.

27 35. Armstrong denies each and every averment of this
28 paragraph.

1 36. Armstrong denies each and every averment of this
2 paragraph.

3 37. Armstrong denies each and every averment of this
4 paragraph.

5 38. Armstrong denies each and every averment of this
6 paragraph.

7 39. Armstrong denies each and every averment of this
8 paragraph; except as admitted in answer 32 above.

9 40. Armstrong admits that CSI reallege its paragraphs 1 - 32
10 and 34 - 39 and he readmits and redenies the averments of these
11 paragraphs as set forth in his answers 1 - 32 and 34 - 39 above.

12 41. Armstrong denies each and every averment of this
13 paragraph.

14 42. Armstrong denies each and every averment of this
15 paragraph; except that he admits that CSI is unaware of the value
16 of any assets specified, described or alluded to in its complaint.

17 43. Armstrong denies each and every averment of this
18 paragraph.

19 44. Armstrong denies each and every averment of this
20 paragraph.

21 45. Armstrong denies each and every averment of this
22 paragraph.

23 AFFIRMATIVE DEFENSES

24 Allegation Common To All Affirmative Defenses

25 46. Plaintiff is a single component of the Scientology
26 organization, that, along with all of the Scientology-related
27 beneficiaries of the 1986 settlement involving defendant Gerald
28 Armstrong are subject to a unity of control exercised by David

1 Miscavige. Plaintiff and all other Scientology-related
2 organizations, entities and individuals were created by David
3 Miscavige and his attorneys as an attempt to avoid payment of
4 civil judgments and to confuse courts and those seeking redress
5 for the civil and criminal misconduct of Miscavige and all other
6 Scientology-related organizations, entities and individuals. Due
7 to the unity of personnel, commingling of assets, and commonality
8 of business objectives, any effort by plaintiff to represent
9 itself as being independent and separate should be disregarded.

10 FIRST AFFIRMATIVE DEFENSE

11 (First Amendment - Religion)

12 47. Further answering said complaint, and as a separate and
13 affirmative defense thereto, Armstrong alleges as follows:

14 Plaintiff is barred from bringing this action against
15 Armstrong on the grounds that the complaint and the "agreement" on
16 which it is based seek to attack, limit and deny Armstrong's right
17 to freedom of religion guaranteed by the state and federal
18 constitutions.

19 SECOND AFFIRMATIVE DEFENSE

20 (First Amendment - Speech)

21 48. Further answering said complaint, and as a separate and
22 affirmative defense thereto, Armstrong alleges as follows:

23 Plaintiff is barred from bringing this action against
24 Armstrong on the grounds that the complaint and the "agreement" on
25 which it is based seek to attack, limit and deny Armstrong right
26 to freedom of speech guaranteed by the state and federal
27 constitutions.

28 THIRD AFFIRMATIVE DEFENSE

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(First Amendment - Association)

49. Further answering said complaint, and as a separate and affirmative defense thereto, this answering defendant alleges as follows:

Plaintiff is barred from bringing this action against Armstrong on the grounds that the complaint and the "agreement" on which it is based seek to attack, limit and deny Armstrong's right to freedom of association guaranteed by the state and federal constitutions.

FOURTH AFFIRMATIVE DEFENSE

(First Amendment - Press)

50. Further answering said complaint, and as a separate and affirmative defense thereto, Armstrong alleges as follows:

Plaintiff is barred from bringing this action against Armstrong on the grounds that the complaint and the "agreement" on which it is based seek to attack, limit and deny Armstrong's right to freedom of press guaranteed by the state and federal constitutions.

FIFTH AFFIRMATIVE DEFENSE

(Privacy)

51. Further answering said complaint, and as a separate and affirmative defense thereto, Armstrong alleges as follows:

Plaintiff is barred from bringing this action against Armstrong on the grounds that the complaint and the "agreement" on which it is based seek to attack, limit and deny Armstrong's right of privacy guaranteed by the state and federal constitutions.

SIXTH AFFIRMATIVE DEFENSE

(Unclean Hands)

1 52. Further answering said complaint, and as a separate and
2 affirmative defense thereto, Armstrong repeats, realleges and
3 incorporates by reference herein each and every allegation
4 contained in paragraphs 1 through 45 herein and alleges as
5 follows:

6 Plaintiff is barred from bringing this action against
7 Armstrong and/or obtaining the relief requested in this complaint
8 under the doctrine of unclean hands.

9 SEVENTH AFFIRMATIVE DEFENSE

10 (Illegality)

11 53. Further answering said complaint, and as a separate and
12 affirmative defense thereto, Armstrong repeats, realleges and
13 incorporates by reference herein each and every allegation
14 contained in paragraphs 1 through 45 herein and alleges as
15 follows:

16 Plaintiff is barred from bringing this action against
17 Armstrong as a result of its acts of illegality in connection with
18 matters which give rise to this case, and upon the ground that the
19 agreement upon which this lawsuit is based is illegal, void and
20 unenforceable.

21 EIGHTH AFFIRMATIVE DEFENSE

22 (Estoppel)

23 54. Further answering said complaint, and as a separate and
24 affirmative defense thereto, Armstrong repeats, realleges and
25 incorporates by reference herein each and every allegation
26 contained in paragraphs 1 through 45 herein and alleges as
27 follows:

28 Plaintiff is equitably estopped from asserting each and all

1 of the purported causes of action in the complaint by reason of
2 its own acts, omissions and conduct, or that of its agents.

3 NINTH AFFIRMATIVE DEFENSE

4 (Waiver)

5 55. Further answering said complaint, and as a separate and
6 affirmative defense thereto, Armstrong repeats, realleges and
7 incorporates by reference herein each and every allegation
8 contained in paragraphs 1 through 45 herein and alleges as
9 follows:

10 Plaintiff is barred from bringing this action against
11 Armstrong by reason of its own acts, omissions and conduct, or
12 that of its agents.

13 TENTH AFFIRMATIVE DEFENSE

14 (Fraud And Deceit)

15 56. Further answering said complaint, and as a separate and
16 affirmative defense thereto, Armstrong repeats, realleges and
17 incorporates by reference herein each and every allegation
18 contained in paragraphs 1 through 45 herein and alleges as
19 follows:

20 Plaintiff is barred from bringing this action against
21 Armstrong because of its fraud and deceit in its representations
22 by which it tricked Armstrong into signing the subject
23 "agreement."

24 ELEVENTH AFFIRMATIVE DEFENSE

25 (Duress and Undue Influence)

26 57. Further answering said complaint, and as a separate and
27 affirmative defense thereto, Armstrong repeats, realleges and
28 incorporates by reference herein each and every allegation

1 contained in paragraphs 1 through 45 herein and alleges as
2 follows:

3 Plaintiff is barred from bringing this action against
4 Armstrong because it implemented fair game stratagems on
5 Armstrong, his attorney Michael Flynn, and upon other anti-
6 Scientology litigants and would continue such conduct against all
7 such persons unless all such anti-Scientology litigants, including
8 Mr. Flynn, signed settlement agreement substantially similar to
9 that signed by Armstrong.

10 TWELFTH AFFIRMATIVE DEFENSE

11 (Impossibility)

12 58. Further answering said complaint, and as a separate and
13 affirmative defense thereto, Armstrong alleges as follows:

14 Plaintiff is barred from bringing this action against
15 Armstrong on the grounds of impossibility as it relates to the
16 subject settlement contract.

17 THIRTEENTH AFFIRMATIVE DEFENSE

18 (Frustration of Contractual Purpose)

19 59. Further answering said complaint, and as a separate and
20 affirmative defense thereto, Armstrong alleges as follows:

21 Plaintiff is barred from bringing this action against this
22 defendant on the grounds of frustrating Armstrong's ability to
23 perform the terms of the settlement agreement.

24 FOURTEENTH AFFIRMATIVE DEFENSE

25 (Unfair and Unreasonable Contract)

26 60. Further answering said complaint, and as a separate and
27 affirmative defense thereto, Armstrong alleges as follows:

28 Plaintiff is barred from bringing this action against

1 Armstrong on the grounds that the settlement contract is
2 unreasonable and unfair.

3 FIFTEENTH AFFIRMATIVE DEFENSE

4 (Lack of Mutuality)

5 61. Further answering said complaint, and as a separate and
6 affirmative defense thereto, Armstrong alleges as follows:

7 Plaintiff is barred from bringing this action against
8 Armstrong on the grounds that the settlement contract, as
9 interpreted by plaintiff, lacks in reciprocity and mutuality.

10 SIXTEENTH AFFIRMATIVE DEFENSE

11 (Ambiguity)

12 62. Further answering said complaint, and as a separate and
13 affirmative defense thereto, Armstrong alleges as follows:

14 Plaintiff is barred from bringing this action against
15 Armstrong on the grounds that the settlement contract is ambiguous
16 and incapable of enforcement.

17 SEVENTEENTH AFFIRMATIVE DEFENSE

18 (Lack of Adequate Consideration)

19 63. Further answering said complaint, and as a separate and
20 affirmative defense thereto, Armstrong alleges as follows:

21 Plaintiff is barred from bringing this action against
22 Armstrong on the grounds that the settlement contract is not
23 supported by adequate consideratino.

24 EIGHTEENTH AFFIRMATIVE DEFENSE

25 (Unconscionability)

26 64. Further answering said complaint, and as a separate and
27 affirmative defense thereto, Armstrong alleges as follows:

28 Plaintiff is barred from bringing this action against

1 Armstrong on the grounds that the settlement contract and
2 plaintiff's manufacturing of the allegations in this complaint are
3 unconscionable.

4 NINETEENTH AFFIRMATIVE DEFENSE

5 (Adhesion)

6 65. Further answering said complaint, and as a separate and
7 affirmative defense thereto, Armstrong alleges as follows:

8 Plaintiff is barred from bringing this action against
9 Armstrong on the grounds that the settlement contract is a
10 contract of adhesion.

11 TWENTIETH AFFIRMATIVE DEFENSE

12 (Hardship)

13 66. Further answering said complaint, and as a separate and
14 affirmative defense thereto, Armstrong alleges as follows:

15 Plaintiff is barred from bringing this action against
16 Armstrong on the grounds that the settlement contract works an
17 unfair hardship on Armstrong.

18 TWENTY-FIRST AFFIRMATIVE DEFENSE

19 (Offset)

20 67. Further answering said complaint, and as a separate and
21 affirmative defense thereto, Armstrong alleges as follows:

22 Any damages that plaintiff has suffered in consequence of the
23 alleged conduct of Armstrong is exceeded by the damages suffered
24 by Armstrong in consequence of the misconduct of plaintiff, and
25 its agents' acts of fair game, and therefore plaintiff should take
26 nothing.

27 TWENTY-SECOND AFFIRMATIVE DEFENSE

28 (Liquidated Damages Act As Penalty)

1 68. Further answering said complaint, and as a separate and
2 affirmative defense thereto, Armstrong alleges as follows:

3 Plaintiff is barred from bringing this action against
4 Armstrong on the grounds that the settlement agreement's provision
5 of liquidated damages is not an approximation of damage, but is
6 intended to act and does act as a penalty.

7 TWENTY-THIRD AFFIRMATIVE DEFENSE

8 (Implied Covenant of Good Faith and Fair Dealing)

9 69. Further answering said complaint, and as a separate and
10 affirmative defense thereto, Armstrong alleges as follows:

11 Plaintiff is barred from bringing this action against
12 Armstrong on the grounds that the conduct of plaintiff and its
13 agents violates the implied covenant of good faith and fair
14 dealing.

15 TWENTY-FOURTH AFFIRMATIVE DEFENSE

16 (Justification - Defense of Another, Interests
17 of Third Persons, and the Public)

18 70. Further answering said complaint, and as a separate and
19 affirmative defense thereto, Armstrong repeats, realleges and
20 incorporates by reference herein each and every allegation
21 contained in paragraphs 1 through 45 herein and alleges as
22 follows:

23 At all times relevant, the acts of Armstrong were privileged
24 and justified because they were done in defense of others, the
25 interests of third parties, the interests of justice, and the
26 interests of the public.

27 TWENTY-FIFTH AFFIRMATIVE DEFENSE

28 (Failure to Mitigate Damages)

1 71. Further answering said complaint, and as a separate and
2 affirmative defense thereto, Armstrong alleges as follows:

3 Plaintiff, and/or its agents, and/or its counsel failed to
4 take proper and reasonable steps to avoid or mitigate the damages
5 alleged in the complaint, and to the extent of such failure to
6 mitigate or to avoid damages allegedly incurred by plaintiff, if
7 any, should be reduced accordingly.

8 TWENTY-SIXTH AFFIRMATIVE DEFENSE

9 (Action Barred By Equity and Civil Code Provisions)

10 72. Further answering said complaint, and as a separate and
11 affirmative defense thereto, Armstrong repeats, realleges and
12 incorporates by reference herein each and every allegation
13 contained in paragraphs 1 through 45 herein and alleges as
14 follows:

15 Plaintiff is barred from judicial relief by the general
16 principles of equity and the specific provisions of Part IV of the
17 Civil Code, including but not limited to sections 3512, 3517,
18 3519, 3524 and 3533 (without any admission of wrongdoing by
19 Armstrong).

20 TWENTY-SEVENTH AFFIRMATIVE DEFENSE

21 (Void As Against Public Policy)

22 73. Further answering said complaint, and as a separate and
23 affirmative defense thereto, Armstrong repeats, realleges and
24 incorporates by reference herein each and every allegation
25 contained in paragraphs 1 through 45 herein and alleges as
26 follows:

27 Plaintiff is barred from judicial relief because the
28 settlement contract is against public policy.

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TWENTY-EIGHTH AFFIRMATIVE DEFENSE

(The Settlement Agreement Cannot Be Specifically Enforced)

74. Further answering said complaint, and as a separate and affirmative defense thereto, Armstrong alleges as follows:

Plaintiff is barred from judicial relief because the settlement agreement cannot be specifically enforced.

TWENTY-NINTH AFFIRMATIVE DEFENSE

(The Settlement Agreement Cannot Be Specifically Performed)

75. Further answering said complaint, and as a separate and affirmative defense thereto, Armstrong alleges as follows:

Plaintiff is barred from judicial relief because the settlement agreement cannot be specifically performed.

THIRTIETH AFFIRMATIVE DEFENSE

(Due Process)

76. Further answering said complaint, and as a separate and affirmative defense thereto, Armstrong alleges as follows:

Plaintiff is barred from judicial relief because the settlement agreement deprives Armstrong, defendant Gerald Armstrong, other third parties and the public of due process of law as protected by the state constitution and by the Fifth and Fourteenth Amendments to the federal constitution.

THIRTY-FIRST AFFIRMATIVE DEFENSE

(Equal Protection)

77. Further answering said complaint, and as a separate and affirmative defense thereto, Armstrong alleges as follows:

Plaintiff is barred from judicial relief because the settlement agreement deprives Armstrong, other third parties and the public of equal protection of law as guaranteed by the state

1 constitution and the federal constitution.

2 THIRTY-SECOND AFFIRMATIVE DEFENSE

3 (Right To Counsel)

4 78. Further answering said complaint, and as a separate and
5 affirmative defense thereto, Armstrong alleges as follows:

6 Plaintiff is barred from judicial relief because the
7 settlement agreement deprives Armstrong other third parties and
8 members of the public to their right to counsel as protected by
9 the state constitution and by the Sixth Amendment to the federal
10 constitution.

11 THIRTY-THIRD AFFIRMATIVE DEFENSE

12 (Public Domain)

13 79. Further answering said complaint, and as a separate and
14 affirmative defense thereto, Armstrong alleges as follows:

15 Plaintiff is barred from judicial relief because the
16 information that Armstrong is accused of disclosing is in the
17 public domain.

18 THIRTY-FOURTH AFFIRMATIVE DEFENSE

19 (Mistake of Law)

20 80. Further answering said complaint, and as a separate and
21 affirmative defense thereto, Armstrong repeats, realleges and
22 incorporates by reference herein each and every allegation
23 contained in paragraphs 1 through 45 herein and alleges as
24 follows:

25 Plaintiff is barred from bringing this action against
26 Armstrong because Armstrong's former attorney Michael Flynn
27 advised him that the provisions of the settlement contract which
28 plaintiff alleges Armstrong has violated, and which underlie this

1 complaint, are unenforceable. Armstrong relied on such
2 representations, but for which he would not have signed said
3 settlement contract.

4 THIRTY-FIFTH AFFIRMATIVE DEFENSE

5 (Mistake of Law)

6 81. Further answering said complaint, and as a separate and
7 affirmative defense thereto, Armstrong repeats, realleges and
8 incorporates by reference herein each and every allegation
9 contained in paragraphs 1 through 45 herein and alleges as
10 follows:

11 Plaintiff is barred from bringing this action against
12 Armstrong because Armstrong's former attorney Michael Flynn
13 advised him that the provisions of the settlement agreement which
14 plaintiff alleges Armstrong has violated, and which underlie this
15 complaint, are unenforceable. Armstrong relied on such
16 representations, but for which he would not have signed said
17 settlement agreement.

18 THIRTY-SIXTH AFFIRMATIVE DEFENSE

19 (Conflict of Interest)

20 82. Further answering said complaint, and as a separate and
21 affirmative defense thereto, Armstrong repeats, realleges and
22 incorporates by reference herein each and every allegation
23 contained in paragraphs 1 through 45 herein and alleges as
24 follows:

25 Plaintiff is barred from bringing this action against
26 Armstrong because defendant Armstrong's former attorney Michael
27 Flynn, in conjunction with settling Armstrong's case against
28 Scientology-related entities, also settled 30 other cases,

1 including cases of his own against Scientology-related entities
2 without procuring outside counsel for Armstrong.

3 THIRTY-SEVENTH AFFIRMATIVE DEFENSE

4 (Privilege)

5 83. Further answering said complaint, and as a separate and
6 affirmative defense thereto, Armstrong alleges as follows:

7 Plaintiff is barred from judicial relief because the acts
8 that Armstrong is accused of having committed are privileged.

9 THIRTY-EIGHTH AFFIRMATIVE DEFENSE

10 (No Intent To Defraud)

11 84. Further answering said complaint, and as a separate and
12 affirmative defense thereto, Armstrong alleges as follows:

13 Armstrong never intended to hinder, delay or defraud any
14 creditor, including CSI.

15 THIRTY-NINTH AFFIRMATIVE DEFENSE

16 (No Undercapitalized Transaction)

17 85. Further answering said complaint, and as a separate and
18 affirmative defense thereto, Armstrong alleges as follows:

19 Armstrong never engaged in a business or transaction after
20 the transfer at issue herein with assets that were unreasonably
21 small.

22
23 FORTIETH AFFIRMATIVE DEFENSE

24 (No Intent To Incur Debts Beyond Ability To Pay)

25 86. Further answering said complaint, and as a separate and
26 affirmative defense thereto, Armstrong alleges as follows:

27 Armstrong never intended to incur, or reasonably should have
28 believed that he would incur debts beyond his ability to pay as

1 whatever injuries and/or damages plaintiff sustained and requests
2 that any judgment rendered herein in favor of plaintiff and
3 against this answering defendant be in an amount proportionate to
4 this answering defendant's degree of fault.

5 DEMAND FOR A JURY TRIAL

6 This defendant hereby demands this case be tried by a jury.

7 **WHEREFORE**, Defendant Gerald Armstrong prays for relief as
8 follows:

- 9 1. That plaintiff take nothing by its complaint;
- 10 2. That Armstrong recover his costs of suit herein;
- 11 3. That Armstrong recover his attorney's fees and costs of
12 defending the suit herein;
- 13 4. That the Court award such further relief as it may deem
14 proper.

15 DATED: November 29, 1993 ~~HUB LAW OFFICES~~

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17
18 By: 

FORD GREENE
Attorney for Defendant
GERALD ARMSTRONG

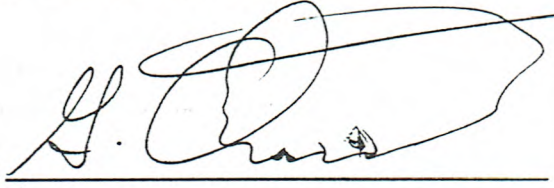
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VERIFICATION

I, the undersigned, am the defendant in the above entitled action. I know the contents of the foregoing Answer and I certify that the same is true of my own knowledge, except as to the matters which are therein stated upon my information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct according to the laws of the State of California and that this declaration was executed on this 30th day of November, 1993, at San Anselmo, California.

By: 

PROOF OF SERVICE

I am employed in the County of Marin, State of California. I am over the age of eighteen years and am not a party to the above entitled action. My business address is 711 Sir Francis Drake Boulevard, San Anselmo, California. I served the following documents:

on the following person(s) on the date set forth below, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California:

Andrew Wilson, Esquire
WILSON, RYAN & CAMPILONGO
235 Montgomery Street, Suite 450
San Francisco, California 94104

Laurie J. Bartilson, Esq.
BOWLES & MOXON
6255 Sunset Boulevard, Suite 2000
Los Angeles, California 90028

MICHAEL WALTON
707 Fawn Drive
San Anselmo, CA 94960

(By Mail) I caused such envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California.

(Personal) I caused said papers to be personally service on the office of opposing counsel.

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

DATED: November 30, 1993

